

## Message Text

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PAGE 01 MELBOU 01492 130735Z

15

ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PA-01

USIA-06 PRS-01 /064 W

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R 130334Z DEC 74

FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC 2505

INFO AMEMBASSY LONDON

CINCPAC

AMCONSUL BRISBANE BY POUCH

AMEMASY CANBERRA

AMCONSUL PERTH BY POUCH

AMCONSUL SYDNEY

AMEMBASSY WELLINGTON

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CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: ELAB, AS

SUBJECT: AUSTRALIAN COUNCIL OF TRADE UNIONS (ACTU) PRESIDENT COMMENDS  
GOA ECONOMIC POLICY; OTHER LEADERS DISAGREE

1. IN STATEMENT ISSUED DECEMBER 10 ACTU PRESIDENT BOB HAWKE PLEDGED  
RESTRAINT DURING COMING YEAR BY UNIONS SEEKING WAGE INCREASES. HAWKE  
GAVE AS REASON NEW GOVERNMENT ECONOMIC POLICIES ANNOUNCED BY PRIME  
MINISTER ON DECEMBER 9 ACCORDING TO HAWKE, GOVERNMENT ACTION WAS  
BROADLY BASED ON PROPOSALS PUT FORWARD BY ACTU IMMEDIATELY BEFORE  
CABINET MEETING ON DECEMBER 9.

2. HAWKE CLAIMS STAGE SET FOR FORM OF "SOCIAL CONTRACT" BETWEEN  
GOVERNMENT AND UNIONS NOW THAT WAGE CLAIMS COULD BE LINKED TO PRICE  
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RISES, COVERED BY PROPOSED WAGE INDEXATION AND NATIONAL PRODUCTIVITY

FACTORS.

3. AS COULD BE EXPECTED HAWKE STATEMENT WAS ALMOST IMMEDIATELY ATTACKED BY JOHN HALFPENNY, VICTORIAN STATE SECRETARY, AMALGAMATED METAL WORKERS UNION (AMWU) AND NORMAN GALLAGHER, NATIONAL SECRETARY BUILDING CONSTRUCTION EMPLOYEES AND BUILDERS LABORERS' FEDERATION, BOTH PROMINENT COMMUNIST POLITICIANS. THEIR OBJECTION WAS RELUCTANCE TO PERMIT ANY INTERFERENCE IN THE RIGHT TO PURSUE HIGHER WAGES AT ANY TIME WHEN CONDITIONS INDICATE SUCH DEMANDS SHOULD BE MADE.

4. COMMENT: HAWKE HAS SUBJECTED GOVERNMENT TO GREAT PRESSURE, BOTH AS PRESIDENT OF THE ACTU AND PRESIDENT OF THE AUSTRALIAN LABOR PARTY, TO MAKE SOME CONCESSIONS TO GROWING WORKER UNREST PARTICULARLY IN LIGHT OF INCREASING UNEMPLOYMENT NOW NEARING 300,000. LABATT OBSERVES THAT RATE OF UNEMPLOYMENT IS NOW BEYOND 2-1/2 - 3 PERCENT WHICH HAWKE HAS LONG PREDICTED WOULD BRING ABOUT FALL OF GOVERNMENT. IT IS EVIDENT THAT HAWKE'S LOYALTY TO LABOR GOVERNMENT, WHILE BEING STRETCHED THIN, IS STILL STRONG ENOUGH TO MAKE HIM JEOPARDIZE ONE PRESIDENCY FOR THE SAKE OF THE OTHER. LABATT REPORTS THAT HAWKE THINKS PRIVATELY GOVERNMENT WILL HAVE TO GO MUCH FURTHER IN MEETING WORKERS' DEMANDS IF ECONOMIC SITUATION WORSENS BEFORE CONCLUSION OF NEXT NATIONAL WAGE CASE AND SETTLEMENT OF WAGE INDEXATION ISSUE. HAWKE HAS TOLD LABATT THAT HE EXPECTS UNEMPLOYMENT IN AUSTRALIA TO HIT 400,000 BY FEBRUARY 1975. THIS FACT CONFIRMED PRIVATELY BY LABOR DEPARTMENT OFFICIALS CURRENTLY ENGAGED IN DAILY AMENDMENT OF UNEMPLOYMENT FORECASTS. BRAND

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Date:** 28 MAY 2004  
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